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BILLINGS – Bidding at the Bureau of Land Management’s Jan. 25 bi-monthly oil and gas lease sale in Billings eclipsed two records set just two months ago.

Kodiak Oil and Gas, Inc., and Hallador Petroleum, Co., both of Denver, teamed up to bid \$2,967,415 for leasing rights on a Forest Service parcel in McKenzie County, N.D. That bonus bid was a new all-time record for a single parcel in Montana and the Dakotas surpassing the record set last November by more than \$1 million. In fact, the second highest bid of \$1,976,640 from Stephen Pine of Bismarck for another McKenzie County tract had set a new record earlier in the sale, but the record fell within minutes.

Bonus bids and rentals for the sale amounting to \$13,150,221 also broke last November’s record for a BLM lease sale in Montana and the Dakotas.

Of the 102 parcels offered, 24 were in Montana, 56 in North Dakota and 22 in South Dakota. In all, 90 of the 102 parcels received bids.

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Oil and gas production in Montana and the Dakotas is an important component of our national energy supply. Federal wells in the three states produced 8.6 million barrels of oil, 29 trillion cubic feet of natural gas, and more than \$40 million in royalties in 2003.

Receipts from federal oil and gas leases are shared with the state or county where the lands are located. All leases are issued for a 10-year term.

Competitive oil and gas lease sales are generally conducted every other month (January/March/May/July/September/November) at BLM's Montana State Office. Additional information regarding competitive sale lists, detailed results of sales, or the leasing process is available by writing the Bureau of Land Management, P.O. Box 36800, Billings, Mont., 59107, by calling (406) 896-5004, or on the web at www.mt.blm.gov/oilgas/leasing/index.html.

Less than one percent of the BLM-managed acreage nationally is disturbed by oil and gas activity. To minimize impacts (the "footprint") on the land, the Forest Service and BLM analyze the potential environmental effects from exploration and development before offering any leases for sale. All leases come with conditions on oil and gas activities to protect the environment that can include limits on when drilling can occur or restrictions on surface occupancy. Once an operator proposes exploration or development on a BLM-issued lease, the further environmental analysis under the National Environmental Policy Act is conducted to determine the site-specific need for various types of impact-limiting or mitigation measures. In addition, many operators routinely use Best Management Practices such as remote sensing to minimize surface impacts during production monitoring.

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